

**Iowa Power Fund Board**  
Meeting Minutes May 14, 2008  
Iowa Department of Public Safety  
215 East 7<sup>th</sup> Street  
Des Moines, Iowa

**Call to Order:**

Fred Hubbell, Chair, called the meeting to order at 9:15 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
<b>Voting Members</b>			<b>Ex-Officio Members</b>		
Fred S. Hubbell, Chair	X		M J Dolan	X	
John Bilsten	X		Gregory Geoffroy	X	
Peter Hemken	X		Kent Henning	X	
Patricia Higby	X		Senator Hubert Houser		X
Carrie LaSeur	X		Senator Roger Stewart	X	
Richard Leopold	X		Rep. Nathan Reichert	X	
John Norris	X		Rep. Chuck Soderberg	X	
Bill Northey	X		<b>Due Diligence Committee</b>	<b>Present</b>	<b>Present</b>
Lucy Norton	X		Tom Barton	Franklin Codel	
Mike Tramontina	Karen		Ted Crosbie	Vern Gebhart	X
Thomas Wind, V-Chair	X		Curt Hunter	Fred Hubbell	X
			Patricia Higby	Roya Stanley	X

OEI staff in attendance: Roya Stanley, Brian Crowe, Jennifer Wright, Michelle Bauer, Mary Lewis, Sherry James

**Approval of Agenda:**

Action: Mr. Hemken moved, Mr. Northey seconded, to approve the agenda as printed. All members present voted “aye”.

**Approval of Minutes:**

Action: Ms. Norton moved, Ms. Higby seconded, to approve the April 9, 2008 Power Fund Board minutes with two amendments: add that there was discussion regarding the repayable loans for Power Fund are currently to go into the General Fund rather than the Power Fund; and add Bill Northey to the energy efficiency/energy education Ad Hoc committee. All members present voted “aye”.

**Chair’s Remarks:**

Chair Fred Hubbell reported the work of the Power Fund Board and committees is more important to the State of Iowa than ever before. He thanked the members for their commitment and investment of time to attend the numerous meetings that were scheduled to accomplish the goals of the Power Fund; and reminded the members the work is not finished once the Board makes a decision to have a project go forward to negotiations. The project will come back to the Board for final approval of the

negotiated terms. He reported there would likely be full applications presented at every Power Fund board meeting in the future.

### **Director's Remarks:**

Director Roya Stanley also thanked the Due Diligence Committee and the Power Fund Board for their participation in the past and future. She reviewed the next phase of the projects to request technical reviews, have negotiations, and prepare contractual agreements. Director Stanley reported the staff continues to work with DNR and DED to function effectively regarding the steps for the projects.

Director Stanley reported the Office staff participated in a Strategic Planning session the first week of May with some Board member participation. It was a 3-day intense session with an outside facilitator as arranged by DOM. It assisted the participants in understanding what critical things needed to be accomplished and what resources were available or needed to be acquired to complete them. They also went through a "deselection" process to help determine how to better manage time and resources.

### **Election of Chair and Vice Chair:**

Chairman Hubbell reported that according to the Iowa Administrative Code, 350-3.2(469), the Board shall annually elect, from the voting membership, a chairperson and vice chairperson during the first meeting in May.

**Action:** Mr. Northey moved, Ms. Conrad seconded, to elect Fred Hubbell as Chair of the Power Fund Board until May 2009. All members present voted "aye".

**Action:** Mr. Bilsten moved, Mr. Northey seconded, to elect Tom Wind as Vice chair of the Power Fund Board until May 2009. All members present voted "aye".

### **Public Comments:**

There was no public comment.

### **Committee Reports:**

**Administrative Rules:** There was no activity with the Administrative rules committee at this time. Director Stanley distributed a summary sheet of legislation of significance to the Office as passed in Senate File 2422, Senate File 2386 and Senate File 517.

#### **Senate File 2422**

- Allows the Iowa Power Fund board of directors to use Power Fund moneys for technical review of applications in situations which warrant such financial assistance for reviews.
- Provides for confidentiality of information submitted to the Power Fund board of directors, the Power Fund due diligence committee and/or to the staff of the Office of Energy Independence by applicants for financial assistance. Such confidentiality pertains to the period when applications are pending and to the period following an award, depending upon the preference of the applicant or awardee.
- Increases the amount of the Power Fund appropriation used for administration and management of the Office of Energy Independence from the current 1.5% to up to 3.5%.

#### **Senate File 2386**

- Establishes a two year commission within the Building Code Commissioner's office to study energy building codes and code enforcement by the state and by political subdivisions and to examine voluntary energy efficiency efforts in the public, private and non-profit sectors. Such efforts should be recognized and used as examples.

- Provides that the Office of Energy Independence shall perform a technical review of the maximum cost-effective potential for renewable energy generation in Iowa by 2025 and make recommendations. (This could be changed to have the review performed by the Iowa Utilities Board with the OEI having final review authority.)
- Provides that non-rate regulated electric and natural gas providers assess savings to be achieved through their own energy efficiency programs and that they establish an energy efficiency goal based on the assessment. Reports are due to the IUB by July 1, 2009. These utilities shall report on their progress toward such goals to the IUB every two years.
- The IUB may establish or take part in a program for tracking the trading of renewable energy credits by utilities operating within Iowa.
- The Legislative Council is asked to establish an interim study committee on the existence and effectiveness of energy efficiency programs operated by Iowa utilities.

#### **Senate File 517**

- Defines “sustainable design” within the state building code. Refines many of the definitions on design and energy efficiency within the existing parts of state law involving the state building code and expands the requirements for energy conservation for residential construction, for lighting efficiency standards for existing buildings.
- Gives the building code commissioner authority to inspect existing buildings undergoing renovation to enforce energy conservation and efficiency requirements.
- Removes the salary cap established in 1990 for the executive director and the staff of the Iowa Energy Center.
- Provides that the majority of the remaining petroleum overcharges moneys, distributed by the Federal government to Iowa and to other states, currently in accounts at the DNR, be used to renew the operation of the Energy Bank Program.
- Provides that the Energy Bank Program – consisting of energy audits and the arrangement for low interest bank loans to pay for retrofitting public buildings to achieve energy efficiency – may charge those public sector entities which choose to take part in the program a cost recovery fee.
- Amends the municipal utility chapter of the Iowa Code by allowing for proprietary information which is a part of the records of municipal utilities to be considered confidential.

**Due Diligence:** Director Stanley reported the Power Fund Board has the opportunity to review decisions made by the Due Diligence Committee as established in the review process and discussed at the April 9 Board meeting.

Pre-applications that the DDC elects not to move forward in the process to full applications can be selected, by a decision of the board, for re-review by the DDC.

The board members will review the pre-application summaries and make a conclusion as to whether they agree with the DDC’s decision not to move a pre-application forward to full application status.

- #1124: TPI Wind Blade Advance Manufacturing Initiative, Newton. Mr. Hubbell reported he had a conversation with the CEO of the company and they requested additional explanation as to the reason their pre-application was determined “no”. After further conversation, it was the consensus of the Board to ask them to re-do their pre-application and submit for consideration.
- #1121: Freedom Fertilizer, Spirit Lake. They requested \$200,000 and had \$175,000 in match money. There was discussion regarding the project being too immature to fund. It appeared to be more of a dream. Ms. Merrick, DED, reported this project appeared to be more fit for the Department of Economic Development funding.

Ms. Norton reiterated to the Power Fund Board that she had requested projects 1057, 1078 and 1106 be reconsidered as “no-but” status to allow them the opportunity to be reconsidered since their projects included fractionation.

There was discussion regarding the DDC members being comprised of individuals with areas of different expertise and the statute suggested those backgrounds. The legislatures intended the DDC members to have more expertise than the board level to allow for in-depth review of the pre-apps and full applications.

### **Review of Full Applications:**

(See attachment of conversation of each presentation) Chairman Hubbell reminded the Board members of the prior discussion regarding the voting for the projects. The board members will vote following each presentation: 1.) yes, send the project application to a negotiation team to allow further discussion; 2.) table, to review at a later date to decide if still interested in the project; or 3.) no, not interested in the project. If the decision is made for a project to go to a negotiations team, it would still come back to the full board for final approval.

■ Iowa State University - 2008 Bio-based Industry Outlook Conference – (\$12,500) Action: Wind, yes; Northey, yes; Norris, yes; Bilsten, yes; Higby, yes; Hemken, yes; LaSeur, yes; Leopold, yes. Recusals: Merrick and Norton. Decision – yes to negotiations.

■ University of Northern Iowa – Annual Iowa Energy Poll (\$148,199) Action: Wind, yes, would be nice to have a baseline, but not certain on additional years of the survey; Northey, yes; Norris, table – interesting but not convinced it will be useful; Bilsten, yes; Higby, yes; Hemken, yes; LaSeur, yes; Leopold, yes; Norton, yes; Merrick, yes. Decision – yes to negotiations.

■ Iowa State University – Clean Gasification Platform for Renewable Power, Energy, and Ethanol from Biomass (\$2,000,000) Action: Wind, yes; Northey, yes; Norris, yes; Bilsten, yes; Higby, yes; Hemken, yes; LaSeur, table, subject to feasibility study and assurance the applicant can remain in compliance with environmental standards for a period of time; Leopold, yes, would ask the negotiations team to keep as close to \$2.3 as possible; Norton, yes; Merrick, yes. Decision – yes, to negotiations.

The negotiating committees were assigned as follows:

University Northern Iowa – Higby, Norton, Wind

Iowa State University – Clean Gasification – Hemken and LaSeur

Planning Committee: Jennifer Wright reported the RFP timeline closes on May 16<sup>th</sup>. The purpose for the RFP was to hire a contractor to provide analysis to help develop the Iowa energy Independence Plan. The committee will be reviewing the proposals and doing interviews to make a recommendation to the board for a contract to assist with creating the 2008 Energy Plan.

Application Committee: There was discussion regarding the negotiations process and the manner to acquire technical review. OEI staff is working with DED to develop a technical review agreement with individuals. Ms. Merrick offered training with DED on “Negotiations 101” to help educate staff on the process.

There was discussion regarding DDC reviewing pre-apps on a quarterly or bi-monthly basis versus monthly due to the number of full applications that need to be reviewed and the time involved with negotiations. It was decided the applicants could continue submitting the pre-applications on a monthly basis, with the understanding they would not necessarily be reviewed in that timeframe, it might be the next month if there were several full applications to process. There was also discussion regarding determining conflict of interest with the reviewers.

Energy Efficiency/Energy Education Taskforce: Chairman Hubbell reported the Ad Hoc committee plans to meet twice before the June board meeting. These task force meetings will assist the Board with more real ideas of what approaches to take, how the projects best fit with the mission, what is the benefit for where the money is awarded and where does the State need to be investing.

Ms. Higby also reported the Ad Hoc committee wanted to seek advice of experts in the various fields to identify what areas the Fund would target to achieve the greatest results. To secure this information, the Committee proposed four simple on-line surveys, targeted to the following fields: Energy Education; Building and HVAC; Electricity, Natural Gas and Propane; and Fuels and Transportation. These surveys will be coordinated through “Survey Monkey”.

**Public Comments:**

Norman Reese, Frontline Bioenergy, presented to the Board and reviewed the expenses and timeline for his project. He reported his technology business had been submitted thru a General Mills pre-applications and it was determined “no, but”. Mr. Reese requested the opportunity to submit a full application with only Frontline Bioenergy’s request, separate from General Mills. Chairman Hubbell recommended that Mr. Reese work with OEI staff to determine the best course for resubmitting an application whether that be a full application from General Mills, or a new pre-app from Frontline Energy.

**Other Business:**

There was discussion regarding moving the location of the Power Fund Board meeting around the state since the Legislative Session has adjourned. Director Stanley reported OEI staff has discussed the different options and it’s possible the meetings could combine with public forums for input for the Energy Plan.

**Adjournment:**

There being no further business to discuss at this time, the meeting adjourned at 4:00 P.M. The next Power Fund Board meeting will be held on Wednesday, June 11 at 9:00 AM, at the same location, Iowa Department of Safety to be determined.

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Fred Hubbell, Board Chair

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Sherry James, Recording Secretary